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Approved For Release 2003/12/02

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CIA-RDP58-00597A000100070162-7

10 January 1950

MEMORANDUM FOR THE FILES

1. Mr. Joseph H. Francis, Executive Secretary of the National Board of Fur Farmers Organizations, called to see the Director, and in his absence he was referred to this Office. Mr. Francis is also the Chairman of the International Interim Committee of Fur Farmers. His organization maintains a temporary office at the Raleigh Hotel in Washington and headquarters at Morgan, Utah. Mr. Francis expects to be here about thirty days.

2. Mr. Francis showed me the attached clipping from a Drew Pearson column which indicated that CIA had been quietly urging that a tariff be placed on imported fur, while the State Department had been opposed to such action. The fur organizations are seeking legislation which would allow the President to prescribe such regulations for the importation of furs as are determined by the Tariff Commission to be necessary to protect domestic production. The State Department has rendered an adverse report on this matter on the basis that this would be a quota, but Mr. Francis feels that they may reverse their position in the light of additional information he has furnished. Their amendment was passed by the Senate as a rider to the Reciprocal Trade Act of 1949, but was withdrawn in view of some urgent political problems necessitating the passage of the Reciprocal Trade Act without amendment if possible. The rider is currently a part of H.R. 5332.

3. Mr. Francis explained that the Russians were unloading approximately two-thirds of their fur exports in this country at loss prices, while an additional third was being sold at the annual Leningrad fur market. Formerly virtually 100% was sold at the Leningrad market. It is their further belief that the dollars that the Russians secure here for their furs go toward the financing of their espionage operations in this country.

4. In addition, the Russians are ruining the fur market for other countries who cannot meet the loss prices in this country. For instance, Norway used to sell many fox furs here but has now been forced to enter into barter arrangements in Italy for fox furs. The Canadians have adopted a subsidy program to compete. The British must sell below exchange rates to compete.

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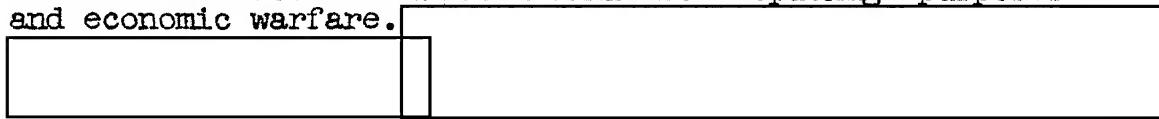
- 2 -

5. The foreign fur organizations, as well as Mr. Francis' groups, are anxious to eliminate these discriminatory factors.

6. Mr. Francis points out that he has and can go to Russia to purchase furs, and has many contacts abroad in this field.

7. If the facts are as Mr. Francis presents them, we might agree to be called by the appropriate Congressional Committee in Executive Session to indicate that furs are a source of Russian funds for espionage purposes and economic warfare.

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Walter L. Pforzheimer

Attachment

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